WHAT IS CLAIMED IS:

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- A process of preparing gold-coated magnetic nanoparticles comprising: forming a suspension of magnetic nanoparticles within a suitable liquid; adding an amount of a reducible gold compound and a reducing agent to the suspension; and,
- maintaining the suspension for time sufficient to form gold-coated magnetic nanoparticles.
 - 2. The process of claim 1 wherein said magnetic nanoparticles are of a magnetic material selected from the group consisting of the elements cobalt, iron, nickel, samarium, neodymium, platinum, boron, compounds thereof and alloys thereof.
 - 3. The process of claim 1 wherein said magnetic nanoparticles are of samarium cobalt.
 - 4. The process of claim 1 wherein said reducible gold compound is selected from the group consisting of sodium tetrachloroaurate, sodium tetrabromoaurate, tetrachloroauric acid, tetrabromoauric acid, potassium tetrachloroaurate, and potassium tetrabromoaurate.
 - 5. The process of claim 1 wherein said reducing agent is selected from the group consisting of sodium citrate, sodium borohydride, white phosphorus, lithium aluminum hydride, and sodium cyanoborohydride.
 - 6. The process of claim 1 further including reacting said gold-coated magnetic nanoparticles with a mercapto-terminated bifunctional compound to form composite nanoparticles of a thiol-bound functional group-containing spacer group thereon said gold-coated magnetic nanoparticles.
 - 7. The process of claim 6 further including reacting said functional group upon said composite nanoparticles with a linker group having one terminally protected functionality.
 - 8. The process of claim 6 wherein said mercapto-terminated bifunctional compound includes as a functionality selected from the group consisting of carboxylic acid, amine, sulfhydryl, phosphate, phosphonate hydroxyl, alkenyl, and alkyne.

- 9. The process of claim 7 wherein said linker group having one terminally protected functionality is selected from the group consisting of Fmoc-ethylenediamine, ethylene glycols, propylene glycols, cysteamines and homologues thereof.
- 10. The process of claim 7 wherein said linker group having one terminally protected functionality is Fmoc-ethylenediamine.
- 11. The process of claim 6 further including de-protecting the one terminally protected functionality and reacting said functionality with a recognition group, a bioconjugative reactive moiety or a biologically active moiety.
 - 12. A gold-coated magnetic nanoparticle composite comprising:a magnetic nanoparticle central core; and,a coating of gold completely encapsulating said magnetic nanoparticle central core.
- 13. The composite of claim 12 wherein said magnetic nanoparticles are of a magnetic material selected from the group consisting of the elements cobalt, iron, nickel, samarium, neodymium, platinum, boron, compounds thereof and alloys thereof.
- 14. The composite of claim 12 wherein said magnetic nanoparticles are of samarium cobalt.
- 15. The composite of claim 12 further including thiol-bound functional group-containing spacer groups thereon said gold-coated magnetic nanoparticles.
- 16. The composite of claim 15 further including linker groups bound at one end with said thiol-bound functional group-containing spacer groups thereon said gold-coated magnetic nanoparticles, said linker groups also having one terminally protected functionality.